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ABSTRACT

This document contains three papers on strategic human resource (HR) development. "Strategic HR Orientation and Firm Performance in India" (Kuldeep Singh) reports findings from a study of Indian business executives that suggests there is a positive link between HR policies and practices and workforce motivation and loyalty and sustainable competitive advantage. "Human Resource Development Issues Emerging From an E-Business Corporate Entrepreneurship Team" (Jeffrey S. Lewis, Gary D. Geroy) examines the results of interviews with e-business personnel operating within traditional corporations and the application of those results to HR planning. Work in e-business is fast paced and exciting; collaboration and relationship building are mandatory; teamwork is typical; and workers are characterized as entrepreneurial. HR must be managed and deployed differently in the digital economy in order to support such characteristics. "Transforming Human Resources Into a Strategic Player on Campus From Theory to Practice: A Case Study" (Val M. Berry) presents an overview from a case study of a HR unit in higher education and how it was transformed into a strategic institutional partner through utilization of organizational change approaches. All three papers contain bibliographies, one of which substantial. (AJ)

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Strategic HR Orientation and Firm Performance in India

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This study tests the relationship between strategic HR orientation and firm performance. The study has been conducted to add to the growing empirical evidence in this field. The study has been carried out in the Indian settings, where the importance for human resources has gained currency in the last decade. Results show that there is a significant relationship between the strategic HR orientation and firm performance.

Keywords: Strategic HR, HR- Organization Performance, HR in India

As firms grow and evolve, their strategies and approaches to achieve human resource development need to be changed. If human resources (HR) function has to be effective, then it must grow and respond to the firm's new needs and the demands of the environment. This growth in HR function has to be in terms of adoption of new systems, policies and practices which will fit very well with the emerging needs of the firm. One of the main objectives of human resources development program is to provide a firm with employees having the right type of the skills, knowledge, attitudes and outlook.

Problem Statement and Purpose of Study

The roots of personnel function in India can be traced back to early 1920s when the Tata group implemented employee welfare measures like provident fund and leave rules. The Trade Union Act of 1926 gave formal recognition to the worker unions. The Royal Commission of 1932 recommended the appointment of Labor Officers. After independence, the Factories Act of 1948 outlined the welfare measures for workers as also the roles and responsibilities of Labor Welfare Officers. All these developments laid the foundation of personnel function in India (Balasubramanian, 1994, 1995). In the 1950s, two professional bodies namely, Indian Institute of Personnel Management (IIPM) and National Institute of Labor Management (NILM) were set up. In the 1960s, the scope of personnel function began to expand beyond the welfare aspects with three areas of labor welfare, industrial relations, and personnel administration developing as the constituent roles of the emerging profession (Venkata Ratnam and Shrivastava, 1991). In the 1970s, the focus of the personnel function shifted towards greater organizational efficiency and effectiveness issues. In the 1980s, issues like human resource management (HRM) and human resource development (HRD) started invading the domain of personnel function. The setting up of two professional bodies like National Human Resource Development Network (NHRDN) in 1985 and Academy of HRD (AHRD) in 1990 further augmented the evolution of personnel function. These two bodies accelerated the shift of personnel function towards the human resources management and development orientation. Firms across the country responded by adopting HRM/ HRD nomenclature for their personnel function and appointed professionals to head these functions.

Today's business environment in the Indian context after initiation of economic reforms in 1991 requires that HR function play a strategic role. This strategic perspective to HR represents a shift from the traditional view of human resource management and development that emphasized individual outcomes such as morale, motivation and job satisfaction, towards a firm level emphasis with focus on HR's contribution to firm performance. In other words it means that HR function needs to get integrated with business strategy like other functions. However, even though HR function has been in use in Indian firms during the last twenty five years, but it is only in the recent few years that some efforts have been made by some firms to accord HR a strategic status. This shift in the qualitative positioning of HR can be mainly attributed to the fact that today's firms have to live, survive and thrive in an information centered milieu. Moreover, after the recent liberalization of economic policies, the increased level of competition by overseas firms has put a lot of pressure on the human resources function in domestic firms to prepare and develop their employees so that these firms are able to compete with overseas firms in skills, efficiency and effectiveness (Krishna and Monappa, 1994; Venkata Ratnam, 1995; Budhwar and Sparrow, 1997; Sparrow and Budhwar, 1997). However, till date no empirical work has been carried out in the Indian context to study the impact of strategic HR orientation on firm performance. It is in this context that the present study was undertaken to gain an understanding of strategic orientation of HR prevalent in the Indian firms as well as its relationship with firm performance. Further, it would be of interest to Western firms to know what is happening in India in the HR field as they find India an attractive place to invest in because of its huge domestic market (Datt and Sundharam, 1999).

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Theoretical Framework

Strategic human resources management has emerged as a dominant area of research among scholars and practitioners in different parts of the world. This is apparent from the recent literature on international human resource management (e.g., Schuler, Dowling, and De Cieri, 1993), as well as from recent reviews of the trends in the US (Dyer and Kochan, 1996), Canada (Betcherman et al., 1994), and the UK (Lundy, 1994; Truss and Grattan, 1994). The argument that better human resources planning is the basis of superior business performance has received support from various angles, even from authors whose overall work reflects a critical attitude to SHRM (Mueller, 1996). It has become a widely held premise that people provide organizations with an important resource of sustainable competitive advantage (Prahalad and Hamel, 1990; Pfeffer, 1994; Wright, McMahan, and McWilliams, 1994) and that the effective management of human capital, not just physical capital, may be the ultimate determinant of organizational performance (Adler, 1988; Reich,1991). Ferris et al., (1990) found that construction firms with higher levels of strategic, including HR, planning have achieved higher organizational performance (see also Ferris, 1984; Cook and Ferris, 1986). Nkomo's (1987) study did not find significant differences between the performance of the firms using formal human resource planning and firms that did not. Delaney et al. (1988) surveyed US firms but could not establish a strong statistical correlation between HR programs supported by senior management and firm performance. Abowd (1990) found that the degree to which compensation for managers was based on an organization's performance was significantly related to future performance.

Gerhart and Milkovich (1990) found that pay mix i.e. pay structure having a fixed component and performance linked variable component, was related to organizational performance. Leonard (1990) found that organizations having long-term incentive plans for their executives had larger increases in return on equity over a four year long period than other organizations. Further, the studies show that comprehensive selection and training activities are frequently correlated with both productivity and organization performance (Russell et al., 1985; Kleiner et al., 1987; Terpstra and Rozell, 1993; U.S. Department of Labour, 1995). Huselid (1993 & 1995) identified a link between the organizational level outcomes and groups of high performance work practices.

Snell (1991) found that the effect of input control, behavior control and output control on sales growth and return on assets (ROA) was contingent on the clarity of cause-effect relationship and standards of performance. Delaney and Huselid (1996) found positive associations between human resource management practices like training and staffing selectivity, and perceptual performance measures. In another study conducted by Huselid, Jackson, and Schuler (1997), significant correlation between strategic HR effectiveness and employee productivity, cash flow, and market value was reported.

In summary, the above studies indicate a positive relationship between HR practices and firm performance. However, all the studies have been undertaken in US settings and elsewhere, and to add validity to this growing stream of research, more such studies in diverse settings like India need to be conducted. Hence the present study was undertaken to find out the linkages between the Strategic HR orientation and firm performance in the Indian context.

Objective of Study and Method

The main objective of the present study was to ascertain the relationship between strategic HR orientation and firm performance in the Indian settings. The various variables used to measure these two constructs are described as follows.

Strategic HR Orientation

Though there are many HR practices which may have impact on the firm performance, but for the purpose of present study, HR practices related to manpower planning, recruitment and selection, evaluation, compensation, employee training and staffing were selected. The selection of these HR practices was based on the literature support as well as prevalence of these in the Indian firms as indicated during the pilot study.

In this study, I defined strategic HR orientation as "the alignment of HR planning, selection, evaluating, compensating, developing, and staffing practices with the business strategies of the firm". Firms, which develop a strong strategic HR orientation, will make use of bundle of HR practices to transform employees as the basis of sustainable competitive advantage (Lam and White, 1998). The process of creating sustainable competitive advantage has been cited recently by theorists of strategic management to describe how firms can trace their successes to their internal stock of resources (Prahalad and Hamel, 1990; Barney, 1991). Viewed from this

perspective, human resources get treated at par with technological or physical resources in terms of having the same strategic potential. This strategic perspective has led Wright and his colleagues to urge organizations to focus on the serial steps of recruitment, compensation, and training in order to attract and develop competent employees (Wright and Snell, 1991; Wright and McMahan, 1992).

Following above approach, existence of a formal written human resources plan is identified as the first critical strategy that strategic HR oriented firms will employ as the existence of a written HR plan based on the strategic business plan of the firm will help the firm in anticipating and planning for acquisition of strategic competencies. Mere planning will not work unless efforts are made to acquire those strategic competencies. Therefore, strategic HR oriented firms will use selection practices to "locate relevant competencies and attract them to the organization" (Wright and Snell, 1991). Simply having competent employees will not ensure high performance unless a system to evaluate the working of those competencies is in place. Therefore, strategic HRM oriented firms will employ performance evaluation system linked to strategic goals. Competent employees are not necessarily loyal. To retain competent employees, firms will be required to have a competitive level of compensation and fringe benefits (Balkin and Gomez-Mejia, 1990; Gerhart and Milkovich, 1990). Thus, firms will use strategic objective linked compensation system to improve employee retention and firm performance. However, to sustain high performance, a firm needs further developmental investments to maintain the level of superior HR competence (Magnum, Magnum, and Hansen, 1990). Therefore, a firm in order to sustain high performance needs to employ strategic goal based employee training. Finally, firms in order to sustain high performance despite compelling economic and technological pressures can do so if the "workforce can respond quickly, easily, and cheaply to changes" (Atkinson, 1985a). Therefore, strategic HR oriented firms need deployment of staffing pattern based on the strategic needs.

Firm Performance

In conducting studies of corporate performance, researchers of strategic management have recommended using multiple measures of corporate performance (Venkatraman and Ramanujam, 1986). Consequent to this, three measures of corporate performance were used in this study. The first measure was *return on assets*. A firm's return on measure is an indicator of accounting profitability. It was computed by dividing the operating income by total assets in 1993. The second measure used was *growth in sales*. It was computed by averaging out annual growth of sales between 1995 and 1998. This measure indicates how well customers accept the firm's products or services. Third measure used was *price- cost margin*. Price-cost margin was calculated by dividing Profit before Depreciation, Interest, and Taxes (PBDIT) by net sales and calculating average for the period 1995 to 1998 to take care of the variations.

Impact of Strategic HR orientation on firm performance

Does strategic HR orientation have an impact on firm performance? Yes, at least for two compelling reasons. The *first* is in the form of cost advantage enjoyed by the strategic HR oriented firms due to reduction in employee absenteeism and turnover rates. An employee remaining absent or frequent quitting entails higher cost for firms. The annual cost of unscheduled absence has been estimated to range from $ 250 to $ 500 per employee (Cascio, 1995). In case of the turnover, the firm incurs additional cost in term of advertising and hiring to fill the vacant position. Thus, there will be an increase in replacement costs in terms of additional recruiting and training (Cascio, 1995). These replacement costs can be minimized if firms incorporate HRD activities into their strategic business plans so that they can rely more on existing employees to fill vacant positions (Friedman and LeVino, 1984).

The *second* reason is that strategic HR oriented firm will lay greater emphasis on the development of their employees due to stronger emphasis on the recruitment, training, and compensation of the employees. The development of employees into a highly competent workforce has been argued to produce competitive advantages that are more valuable and also more difficult to imitate (Pfeffer, 1994). For these reasons, a strong strategic orientation may bring significant economic benefits to the firms (Gatewood and Field, 1994; Cascio, 1995).

Research Methodology

Sample

The database for the current study was drawn from firms listed in the BT (Business Today) 500 Indian firms. This listing was selected for three reasons. One, all the firms representing major domestic industries in India ranging from automobiles and auto components, cement, iron and steel, hotels, chemicals, consumer durable, consumer non-

durable, engineering, financial services, info-tech, pharmaceuticals, paper and power etc., are listed in it. Two, it may be helpful in generalizing findings of the study across a broad spectrum of firms. Three, this database regarding Indian firms is only authentic source available for undertaking such type of study.

Criterion for Selection

A firm was included in the sample if its name figured consecutively for a period of three years during the 1995, 1996 and 1997 BT 500 listing. A firm is included in the listing for three years if it has consistently performed on parameters like profits, growth, quality of people etc.

Respondents

The questionnaire had to be filled by the person heading the HR function in the company, most often a Director (HR) or a President (HR) or a Vice President (HR).

Overall Response Rate

The above procedure generated responses from 82 firms, out of a sample size of 359 firms and thus, overall response rate was 22.84 percent. The survey was administered using the total design method (Dillman, 1978). The response rate compares favorably with the earlier studies undertaken in this field (Schuster, 1986; Delaney et al., 1989; Guest & Peccei, 1994; Youndt, Snell, Dean & Lepak, 1996; and Harel & Tzafrir, 1999).

Measurement and Sources of Data

The study used multiple sources to collect data on strategic HR orientation and firm performance.

Strategic HR Orientation. The data on strategic HR orientation was collected by using survey technique. Based on BT database, Senior HR executive (Director or President) was contacted in 1998. The survey was administered using the total design method, which involves, pretests, pilot tests, pre-notification letters, first round mail, first follow –up letters, second round mail, and second follow-up letters.

As defined previously, strategic HR orientation was conceptualized as the alignment of HR planning, selection, evaluating, compensating, developing, and staffing practices with the business strategies of the firm. Therefore, the six variables used to measure strategic HR orientation included manpower planning, recruitment and selection, evaluation, compensation, training and staffing. Each of these variables had 3 items and there were total of 18 items in the questionnaire. The respondents were asked to evaluate a firm's strategic HR orientation on these items (on a six- point scale). The respondents were asked (sample questionnaire items):

To what an extent the firm is characterized by:

1. existence of a formal written HR plan based on strategic needs of the firm.
2. involvement of the HR person/ head in the strategic business planning process.
3. existence of business strategy linked recruitment and selection system.

The results of the Cronbach's alpha and interclass correlation indicated that the scale had achieved acceptable levels of inter-item and inter-rater reliability (James, 1982; Glick, 1985; Judd, Smith and Kidder, 1991). As the convergence level was very high, the items were averaged to compute individual respondent ratings, and then means were computed to measure strategic HR orientation for each firm, and finally the means were averaged out to compute the *Strategic HR Orientation Index (SHROI).*

Corporate Performance. The sources of data for the firm performance measures were firm's *Annual Reports, BUSINESS TODAY (BT) 500 database, and Center for Monitoring Indian Economy (CMIE) database.*

Control variables

In order to control the influence of external factors, dummy variables for size, age, research and development (R & D) expenditure, and unionization were used. The selection of these control variables was made after HRM literature review (Freeman and Medoff, 1984; Lewis, 1986; and, Huselid, 1995). The control variable for age was in the form of number of years the firm has been operating in India. Another control variable used was the size of the firm, in the form of natural logarithm of the number of the employees working in the firm. The level of firm performance may be affected by the intensity of research efforts that characterize each industry (see Dess, Ireland,

and Hitt,1990). This industry characteristic was measured by averaging the ratio of R&D expenses and sales of the sampled firms in each of the industries. Finally, unionization or union density was another control variable used in the study.

Results

Table 1 provides the descriptive statistical information (e.g. means, standard deviations and correlations) for all measures. Table 2 shows the results for multiple regression analysis of the relationship between strategic HR orientation and firm performance.

Table 1. *Descriptive Statistics and Correlations*

	Variable	Mean	S.D.	1	2	3	4	5	6	7	8
	Dependent Variable										
1.	Return on Assets	4.37	21.14	--							
2.	Sales Growth	35.57	49.78	0.29***	---						
3.	Price Cost Margin	30.92	51.54	0.16	0.33***						
.	Independent Variable										
4.	Size	1412	21950	0.13	0.04	---					
5.	Age	18.50	12.43	0.07	-0.23**	-0.16*	0.07	---			
6.	Unionization	12.37	23.34	-0.11	-0.13	-0.06	-0.09	0.11	---		
7.	R&D Expenditure	0.04	0.03	-0.20**	0.03	-0.17*	0.12	0.18*	-0.14	—	
8.	Strategic HR Orientation Index	3.73	1.55	0.27*	0.14	0.20**	0.24**	0.21**	-0.22**	0.04	1.00

Note: Two tailed test. *p< 0.05; **p< 0.01; ***p<0.00

The data in Table 2 indicates that beta coefficients of several factors in the regression equation are statistically significant. For example, age (p< .001) and unionization (p<. 01) have a significant relationship with sales growth. Similarly, R & D expenditure has a strong relationship with return on assets and price cost margin (p< .01). The findings also indicate that after controlling for firm variations and industry effects, strategic HR orientation index is strongly related to return on assets and also with other measures of firm performance.

Table 2. *Multiple Regression Analysis of the Relationship between Strategic HR Orientation and Firm Performance.*

Independent Variables		Dependent Variables		
		Return on Assets	Sales Growth	Price Cost Margin
1.	Size	-0.09	0.17	0.07
		(-0.13)	(0.09)	(0.12)
2.	Age	-0.04	-2.01	-0.81
		(-0.31)	(-4.52**)	(-1.83*)
3.	Unionization	-0.02	-1.94	-0.87
		(-0.29)	(-4.01**)	(-1.81*)
4.	R&D Expenditure	-144.02	-143.37	-198.34
		(-2.53**)	(-1.03)	(-2.79**)
5.	Strategic HR Orientation Index	3.87	9.74	4.24
		(2.01*)	(2.13**)	(2.14*)
	Intercept	-0.02	51.47	-0.04
		(-0.002)	(1.99*)	(2.24*)
	Adjusted R^2	0.23	0.27	0.03
	F Ratio	4.95***	5.29***	1.41
	N	*72*	*72*	*72*

Note: T values in parentheses. One tailed tests. *p<0.05; **p<0.01; ***p<0.001

Therefore, the results of this study strongly support the research question as there are significant financial returns accruing to the firms that used strategy linked human resource planning, selection, performance evaluation, compensation, training and staffing practices. Thus, through the use of strategy based HR policies and practices, firms create a more competent and committed workforce, which in turn provides a source of sustainable competitive advantage. Overall, the results also show that strategic importance of HRD in the sense that it helps to sustain the level of competence that is created by firm's HR practices

Discussion and Conclusion

The purpose of this manuscript was to investigate the relationship between the strategic HR orientation and firm performance in the Indian context. Strategic HR orientation was defined as the alignment of HR planning, selection, performance evaluation, compensation, development, staffing practices with the business strategies of the firm. The research question premised in the study was that strategic HR oriented firms would perform better by making use of a low-cost sustainable competitive advantage. The data on strategic HR orientation was obtained from Indian firms belonging to nineteen manufacturing and service industries. The findings have shown that the firms with emphasis on strategic HR orientation performed significantly better than the firms with lower emphasis. This indicates that financial payoffs will be higher if firms strategically aligned and invested in their human resources.

However, the findings should be interpreted carefully, as there are number of limitations which also represent opportunities for future research. One such limitation is the 'static' nature of the study, that is, the study is based on one- time view of the certain aspects of the firm rather than collection of data at different periods of time. Thus, the future research should be based on data collected at different periods of time to determine more precisely the relationship between strategic HR orientation and firm performance. Second, the data related to strategic HR orientation was collected from a single source and therefore, rater bias might have set in. The future studies could use multi-rater method, particularly collecting data from heads of other functions. Third, the generalization of the findings should be limited to domestic firms of India. The future studies can solve this problem by covering more than one nation or including firms of transnational nature. Fourth, another note of caution to be kept in mind while interpreting the results is that it could be that firms with higher performance simply have more resources to devote to their HR practices. Finally, the role of other contingency variables such as organizational culture, climate, political considerations (Ferris et al., 1998) and business strategy (Richard and Johnson, 1999), as a mediator or moderator of relationship between strategic HR orientation and firm performance needs to be explored.

Despite the above limitations of the present study, there are certain implications for practitioners. First, the role of HRD is generally seen in ensuring that the firms are able to attract, retain, motivate, and develop the human resources as per the current and future requirements. However, the findings of present study point out that HRD can also help to develop and sustain the competitive advantage. Second, the results show that the firms can reap higher financial payoffs by strategically aligning their HRD policies and practices. This implies that head of HR function should be included at strategic decision making level by top management of the firm like heads of other functions. This strategic restructuring could then allow the HR director to help in selecting strategic alternatives so that HR strategies could be formulated to support organizational strategic choices (Hall, 1984).

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Human Resource Development Issues Emerging from an E-Business Corporate Entrepreneurship Team

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The business environment is now enhanced by digital technology. A key to success in the digital economy is the appropriate development of human resources. Because of the sweeping changes being initiated by technology, some behaviors may not be suitable for the digital domain. This study implements qualitative methodology to examine an e-business corporate entrepreneurship team within a traditional business. The notion that digital economy factors do impact corporate entrepreneurship teams within traditional businesses is supported by this study.

Keywords: E-Business, Corporate Entrepreneurship, Teams

We now have a business environment enhanced by digital technology and are rapidly approaching an era that will require most companies be built upon a foundation of digital technology. One of the keys to success in the digital economy is the appropriate management and development of human resources. Because of the sweeping changes being initiated by technology, old management behaviors may not be suitable for the new digital domain. Traditional businesses will need to evolve and transition into the realm of electronic business.

At the turn of the 21st century, businesses should be highly concerned with the following two questions posed by Kalakota and Robinson (1999). First, how will existing, traditional companies make the transition into digital economy companies? Second, what are the impact of digital economy factors on the form and function of 21st century companies? The research objective of this study is to contribute academic research focusing on these questions. This study will focus on emerging human resource development practices that enable companies to transition into the digital domain. Of primary importance is an examination of the team processes involved as a traditional business initiates a new electronic business creation team and that team progresses from the development of an idea to the operation of a revenue-generating electronic business.

Theoretical Framework: The Digital Economy

Technology has transformed business and initiated the creation of a new digital economy. As a result, the new economy's innovators have developed new business models, strategy, and processes. These new ways of conducting business have affected businesses on a global scale and initiated a renaissance that will certainly be distinctive to future business historians. Tapscott (1996) states, "Today we are witnessing the early, turbulent days of a revolution as significant as any other in human history" (p. x).

As a result of the proliferation and usage of new technology, a new economy has been birthed. The new domain of electronic business is more than a mere trend or paradigm shift; a new reality has emerged in business. New economies have emerged in the past as the agricultural economy was displaced by the industrial economy, which was displaced by the service economy, which was displaced by the global economy, which is currently being displaced by the digital economy (Aldrich, 1999, p. 6). As each new business reality has emerged, businesses have been required to rediscover how to exist by balancing the new and the old.

The digital economy is creating a tremendous challenge and problem for companies that pre-date its emergence. Machiavelli eloquently identified the problem facing companies with his quote, "There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things" (Bergin, 1947, p. 15). Companies need to understand that digital technology has fundamentally changed the way business will be conducted in the 21st century. Those who choose to discount the pervasiveness of the changes or feign away because of intimidation will quickly be replaced by the techno-savvy. A new set of rules is being written in the digital economy, and all businesses must change their game plan if they are to stay in the game.

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The transformative power of the Internet continues to astonish all who encounter it (Bollier, 1998). No business leader can presume that the business realities of the last decade will still be valid a few years from now (Evans & Wurster, 2000). Electronic commerce will change not only the way firms do business but will also transform organizations (Choi, Stahl, & Whinston, 1997). The Internet's impact is profound enough to identify it as a *disruptive technology* (Kalakota, Oliva, & Donath, 1999). To realize the full potential of electronic commerce, businesses must be willing to change the way they operate. History has shown that significant advances occur when technological change is combined with organizational restructuring. Not only is business conducted more efficiently, but also new business opportunities are created. Management must play a large role in the formulation and implementation of electronic business strategies (Kalakota & Whinston, 1996). Human resources must be managed and deployed differently in the digital economy.

E-Business Impact on the Human Resource Dimension

Electronic business goes far beyond simply "doing business electronically." Doing business electronically means that many conventional business processes, such as advertising and product ordering, are being digitized and conducted on the Internet. However, the Internet is not a mere alternative channel for marketing or selling products online (Choi et al. 1997, p. xxiv). Aldrich (1999) presented two critical questions that business leaders are now required to answer: (1) "How will the digital economy change my relationships with workers, vendors and customers? (2) "What will be the impact of the digital economy on my company's culture and organizational structure?" (p. 21)

Businesses must still focus on competitive advantage and its sustainability as the key drivers of success, but the means to these ends are drastically changing (Evans & Wurster, 2000). Business leaders must look past making the electronics and software work and focus on how to create business value with these technologies (Martin, 1996). Many would argue that the greatest challenge for corporations and established large-scale organizations is the requirement to embrace the unknown and tolerate the ambiguity associated with the rapidly developing digital economy (Evans & Wurster). The new dectronic marketplace will necessitate new innovative models of firm organization, production, delivery, and overall market institutions (Choi et al. 1997).

All businesses are being forced to interact with the new realities of electronic commerce, and there is a belief that the changes are initiating a time of natural selection in business in which only the fittest will survive (Martin, 1996). The transforming power of the digital economy is rapidly changing the rules of the industrial economy, company by company and industry by industry (Kelly, 1998).

A unique set of challenges is facing companies seeking to become players in the digital economy. Many have advanced with technology, but the gulf between their current reality and the new rules of the digital economy requires evolution rather than adaptation or reengineering. The large brick-and-mortar companies are rethinking their business models to compete in the new marketplace (Korper & Ellis, 2000). The new technologies are changing the most basic rules of management, work practices, and values (Bollier, 1998).

Businesses must not only respond to the new forces within the new economy but also closely examine internal fundamental processes. It has been shown that the post-modern society has influenced the development of team-based operations to accomplish organizational objectives. More recently, the emergence of technology-mediated communication and virtual team operations have changed the day-to-day business interactions. Businesses must move faster and smarter and be willing to accept increased risk to survive within the electronic business environment.

Research Premise

The challenge for this exploratory study is to identify the forces influencing the processes and behaviors of electronic business venture creation teams that are operating within traditional brick-and-mortar businesses. The realities of the new economy are forcing existing businesses to evolve. This study strives to describe the evolutionary processes of businesses seeking to bridge the chasm from the traditional economy to the digital economy.

Researchers and scholars are confident in describing what characteristics and processes support new venture creation teams. Not present in the literature were specific descriptions of ventures successfully transitioning from within a traditional business to the digital economy. In an attempt to address the void, this study compiles data from within a traditional business endeavoring to launch a new electronic business. The case organization has a widely regarded reputation for being innovative and setting best practice benchmarks within its pre-digital economy industry.

This study has been a challenging endeavor for the researchers. The new digital economy is young, with most agreeing it emerged in the early 1990s. Since that time, the factors associated with electronic business have been

fast moving and fluid in nature. The economy is quickly evolving and forcing businesses to evolve also. An additional challenge is associated with a lack of academic, empirical research related to the issues associated with this study (Penbera, 2000). Empirical models that predict the behavior of firms engaged in electronic business need to be developed (Barney & Ouchi, 1986). Most of the attention in academic research has been given to marketing and information technology aspects of electronic business.

Human Resource Development Contribution

This study will contribute to the field of human resource development by investigating whether there is a difference between brick-and-mortar venture creation teams and electronic business venture creation teams. This will be accomplished by describing the processes that occur as brick-and-mortar businesses deploy teams to develop electronic business functionality. This study will also begin to balance the focus on electronic business by addressing human resource development realities. The predominance of research and attention within electronic business has been focused marketing and computer information systems. This study provides businesses with definition and structure for enacting electronic business venture creation teams from a human resource development perspective. This study also provides specialized insight for evolving corporations. An examination of corporations that originated before the advent of the new digital economy was the focus of this study. The issues surrounding the establishment of electronic business functionality within a corporation without an original electronic business mission are unique.

Research Question

The research question addressed in this study is, "What are the significant factors supporting a successful transition of a new venture creation team emerging from a traditional domain to a new business organization working in the digital economy domain?" To address this research question, several enabling questions were asked. The enabling questions included, but were not limited to, the following five questions: (1) What does the establishment of an electronic business creation team from within a traditional business look like? (2) What are the new rules of electronic business, and how do electronic business venture creation teams address them? (3) How do electronic business venture creation teams balance their organization's resources, culture, and competencies with the new rules of the digital economy? (4) What human resource development processes occur within electronic business venture creation teams? (5) What is the impact of the digital economy on the team's culture and organizational structure?

This study was process orientated, not outcome orientated, and its goal was to describe what is occurring and avoid an attempt to measure the effectiveness or efficiency of the efforts. The definition and descriptions resulting from this study should enable researchers to form quantitative hypotheses and perform additional empirical research.

The intent of this qualitative phenomenological study (Creswell, 1998) is to identify the issues that emerge when a traditional organization interacts with the significant factors emerging from the digital economy. As stated earlier, existing companies are facing challenges resulting from an economy heavily influenced by digital technology, and more specifically, the Internet. Many believe that the digital economy has and will cause traditional organizations to modify their human resource development practices. Managers are forced to manage differently, and business leaders are forced to lead differently. This study makes the assumption that teams are also evolving and developing a unique set of values, norms, and practices as they interact with forces within the digital economy.

Research Methodology

The key context for the study involves a specific examination of a team within an organization that did not originate within the digital economy. The outcome of this study is a rich, thick description of team processes and experiences. Insights into how modern organizations react and comply with the new factors associated with the digital economy would be a significant contribution to the field of human resource development.

The objective of this research is to interview participants of a team consisting of engineers, administrators, and analysts engaged in an electronic business venture creation initiative. For this study, the researchers identified a high technology company with a strong commitment to innovation and a new charter to develop a strong electronic business focus. The venture initiative began as a small team and has grown into an operational business within the larger corporation. The team selected for this study was birthed from a traditional organization and given a charter to investigate the Internet economy and seek to leverage organizational competencies through the development of a transaction-based revenue model conducted using the Internet.

The research plan employed qualitative phenomenological study of the identified team. Due to the limited amount of literature related to teams and the new digital economy, the qualitative approach was chosen for an initial exploration and understanding of the team processes related to the research questions. The primary data generation strategy was structured interviews (Creswell, 1998) with the team's managers and other associated parties within the organization.

The participants for the study were members of the electronic business venture creation team at a Fortune 50 high-tech corporation. Individuals with management responsibilities and those responsible for the team's supervision participated. Eleven individuals were invited to participate in the interviews. Demographic information related to the participants was included in the analysis portion of this study. The participants were employees of a large, high-tech, multinational corporation. There is some cultural diversity among the participants, but most are U.S. natives. There is some gender diversity among the participants. The researchers estimated all participants were between 35 and 60 years old.

Interview Process. Interviews were conducted with key members of the organization who were directly involved with the subject team. Eight of the interviewees were members of the team, and three were significantly involved with the team from an upper level of the organization for a total of eleven interviewees. Three rounds of interviews were conducted with the eight team members, which resulted in twenty-four interview sessions. Three interview sessions were conducted with the three interviewees from the upper levels of the organization. All interviews were conducted individually between a researcher and the interviewee. One researcher interviewed all of the interviewees. The researcher scheduled hour-long appointments with the subjects in accordance with the subject's schedule. All interviews were scheduled during the workweek and during normal business hours. In all interview situations, the interviews were conducted in a comfortable and private setting. The researcher tape-recorded each of the interviews using two small tape recorders. All participants consented to having the interview tape-recorded. The time involved with most of the interviews was approximately 50 minutes. The total time spent in one-to-one interviews with the interviewees was approximately 30 hours.

Interview questions were developed before each round of interviews were conducted. The interviewee was given a summary of possible questions prior to the interviews. These questions were used as a guide to initiate the discussion. As the interviews progressed, an open discussion evolved with the interviewees. The researcher conducted the interviews with a primary goal of drawing out the voice of the team and was careful to avoid questions that were not open-ended or would be prescriptive.

At the conclusion of a week of interviews, the audiotapes containing the individual interviews were delivered to a professional transcriptionist. The interviews were transcribed within five days and returned to the researchers in electronic format. The transcripts of the interviews were delivered to the associated interviewee for member checking purposes. Each interviewee was asked to review the transcripts and to change, modify, or omit any statement on the transcript. Any changes, modifications, or omissions were communicated to the researchers by the interviewee before the interview was analyzed. The interviewees understood that their transcripts would be analyzed and used in the study after they had the opportunity to revise and modify their transcripts.

After the transcripts were returned from the interviewees, the researchers verified the accuracy of the transcripts. The accuracy was checked by listening to the interview audiotape and following the text of the transcript. Some words were changed in the transcripts by the researcher. This was necessary because some of the interviewees had an accent. The interviews also focused on technical issues and specific companies that were difficult for the transcriber to understand. The researchers also changed the names of the team members and companies in the transcripts to pseudonyms.

Research Design Verification. Qualitative researchers have established exploring procedures to verify the quality of the data gathered for analysis (Creswell, 1998). The researchers conducting this study choose three procedures, member checks, debriefing, and source triangulation, to contribute to the reliability and credibility of the data.

Data Analysis

Qualitative software tools facilitate the coding process of the transcripts. The transcripts are loaded into the software as data sources in text files. Then, the researchers generated a list of codes that are assigned to specific words, phrases, or sections of text in the transcripts. The codes and their associated texts are easily reviewed, consolidated, analyzed, and printed throughout the course of the data analysis. HyperRESEARCH allowed the researchers to code all data numerous times, retrieve and manipulate portions of coded source material, test

propositions about the data on any one code or combination of codes using Boolean searches, test hypotheses about the overall meaning of the data using artificial intelligence, and print the retrieved data. Many scholars (Coffey & Atkinson, 1996; Glaser, 1978; Miles & Huberman, 1994; Seidel et al. 1995; Tesch, 1990) have proposed that coding is analysis and forms the basis of description from which interpretation is made.

The researchers incorporated a coding process involving three coding levels. Open codes were the initial codes given as the transcripts were examined. These codes were the most numerous as many words and phrases were identified as relevant to the study. The open coding process occurred soon after the transcripts were returned to the researchers by the interviewees. Additional interview questions were generated as a result of the open coding process.

Axial coding was used after all of the transcripts for a particular interviewee were open coded by the researchers. This level of analysis involved a grouping activity of open codes. Axial codes are groups of related open codes that begin the process of identifying emerging themes and issues from the transcripts. The 15 axial codes identified are illustrated in Figure 1.

Third, systematic codes were given to axial codes after all of the transcripts had been open and axial coded. Systematic codes are grouped between subjects and help to identify the voice of the team and the consistent or inconsistent messages communicated by the participants. Three systematic codes were identified: corporate entrepreneurship issues, team processes issues, and digital economy issues.

Figure 1. Systematic and Axial Codes

Systematic Codes		
Corporate Entrepreneurship Issues	Team Processes Issues	E-Business Issues
Axial Codes		
*Executive sponsorship *Participant experience *Risk, uncertainty, and ambiguity *Organizational resources leveraged for the venture *Organizational response to the venture	*Team values *Team beliefs *Team communication *Team operational principles	*Webspeed *High level of collaboration with external organizations *Rapidly advance up the learning curve *Staff with unique human resources *Address the issue of external e-culture *Higher level of autonomy and protection from organizational immune system

From the analysis of the team member interviews, a number of issues have emerged regarding how a new venture creation team seeks to develop electronic business activities from the foundation of a traditional organization. The researchers encountered a team that experienced a multitude of challenges, successes, and frustrations resulting from corporate entrepreneurship phenomena, team processes phenomena, and digital economy phenomena. This study focused on the factors associated with the digital economy phenomena. The corporate entrepreneurship phenomena and team processes phenomena were present in the voice of the team, and issues resident within the digital economy affected these phenomena.

The following discussions present the researchers' answer to the research question based on the researchers' synthesis of analyzed data from the interviews. Because of the qualitative nature of this study, the researchers has the responsibility of immersing themselves in the data and then reporting the findings based on qualified analysis and synthesis activity.

Findings and Discussion

Team Establishment Characteristics

The first enabling question proposed in the study was, "What does the establishment of an electronic business creation team from within a traditional business look like?" The voice of the team provided clear descriptions of team establishment including the uniquenesses involved with a corporate entrepreneurship effort. The researchers found that team establishment is a fast-paced, exciting event. The participants appeared to be very satisfied with the experience despite the stress and risk involved with the endeavor. Launching an electronic business from within a traditional organization involves the challenge of balancing multiple stakeholders' interests. The team in this study spent considerable effort interacting with executive sponsors and accommodating organizational processes.

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Addressing the Uniqueness of the Digital Economy and E-Business

The second enabling question asked, "What are the new rules of electronic business, and how do electronic business venture creation teams address them?" In this case, the subject team encountered three primary new rules. The first rule was the requirement to operate at Webspeed verses a traditional business speed. This rule is accommodated through staffing with the right people and committing the appropriate resources to enable a high level of speed and effort into the venture.

The second rule is related to the culture of collaboration within the digital economy. Identifying the significant players through a thorough investigation of the business landscape accommodates this rule. Once the players are identified, the team must begin a process of relationship building with the external constituents. Staffing with team members who have the ability to communicate well and interact successfully with external constituents is an important aspect of collaboration. Collaboration was found to be one of the axial codes within the realm of digital economy issues.

The third rule is related to the external e-culture encountered as the team members venture into the digital economy space. The team must be aware that business culture is different within the digital economy as compared to most traditional organizations. The organization must also be aware that the interaction may elicit a response from the team members as they consider their own experience in relation to the e-culture experience.

Balancing Bricks and Mortar in the Digital Economy

The third enabling question was, "How do electronic business venture creation teams balance their organization's resources, culture, and competencies with the new rules of the digital economy?" The researchers found the team leader played a critical role in balancing the team's experience with the organizational resources, culture, and competencies. The team members demonstrated somewhat of a love-hate relationship with their organization. Although the organization possessed a valuable reputation and allowed the team access to tap a wealth of financial and human resources, the team struggled with many aspects of the organization's culture and processes. The team leader sought to shelter the team from the hindering aspects and take advantage of the positive aspects.

The team advocated creating a new place within the organizational chart that would allow the team to operate outside the company's direct control but still allow access to leverageable assets. This area would provide a protection from bureaucracy and an immune system yet facilitate enough interfaces to leverage assets and competencies. These issues were identified within the axial code discussion of digital economy issues, team process issues and corporate entrepreneurship issues.

Human Resource Development Processes

The fourth question asked, "What human resource development processes occur within electronic business venture creation teams?" The researchers found seven prominent processes directly related to electronic business issues.

Selection of Appropriately Skilled Team Members. The first was related to the selection of appropriate individuals with the right competencies and characteristics. Team members should be screened for entrepreneurial characteristics, high performance characteristics, technology affinity, and solid communication and collaboration characteristics.

Employee Migration. The second process was related to employee migration. The team garnered a high level of attention within the organization, and many employees sought to migrate to the team. The organization should note that many employees are looking for like opportunities, and offering those opportunities could contribute to employee retention.

Reward Systems. Third, this study illuminated the need for a reward system that focuses on the increased risk of the employee and high performance required for success. The team reported on the need for new and improved reward systems that would compensate adequately for the risk they had taken and the innovation contribution they were making to the larger organization.

Learning Processes. The fourth process involves team learning. Managers and facilitators should be aware of the high need for learning and effective and efficient processes for documenting, processing, and incorporating the

learnings. Learning process involved effective and efficient activities to account for the newness and dynamism of the digital economy issues. The team developed means and methods to gather, process, analyze, and disseminate learnings within the team and the team's larger organizational scope.

Communication Processes. Fifth, the team must have efficient and effective communication processes in place to facilitate a successful endeavor. The subject team used combinations of face-to-face meetings and computer mediated communication tools to facilitate their communication processes.

Operational Principles. The sixth process is identified as the incorporation of appropriate operational principles. The subject team established operational principles that served them well and facilitated successful operations. The principles enabled the team to make advances in uncertain conditions because of the team's shared commitment.

Impact of Digital Economy on Team Culture and Organizational Structure

The fifth enabling question was, "What is the impact of the digital economy on the team's culture and organizational structure?" The digital economy influenced the team to move faster, incorporate a higher level of interpersonal trust and relationship, use a more open style of communication, and incorporate a higher level of team member empowerment. The themes and issues that emerged from the interviews promote the notion of a new business culture.

Factors Supporting an Intrapreneurial Team

The primary research question for this study asked, "What are the significant factors supporting the successful transition of a new venture creation team emerging from a traditional domain to a new business organization working in the digital economy domain?" New venture creation teams are supported to transition from a traditional to a new business venture working within the digital economy when the team: (1) Is empowered to move fast. (2) Is built with high performance members. (3) Possesses a clear understanding of how organizational assets can be leveraged. (4) Is empowered to leverage organizational assets. (5) Is sheltered from detrimental organizational processes. (6) Establishes appropriate operational principles. (7) Endeavors to learn the rules of the digital economy and identify the major players in the related industry. (8) Strives to collaborate with appropriate players external to the organization.

Limitations of the Study

Teams are complex entities because they consist of unique people. Embedded within this study are unique phenomena related to the specific people and circumstances surrounding the subject team. As a result, this study faces many limitations in relation to generalizing its findings to other teams or organizations. This study was an investigational study with one team. The purpose was to identify issues related to young and slightly researched phenomena. The identified issues are evolving fast, in relation to the rapidly advancing technology. It is possible that the issues identified in this study will be unimportant within a short period of time because of the rapid changes occurring within the digital economy. However, as a baseline from which to build theoretical and practitioner process models, this study is valuable.

Recommendations for Human Resource Development

Human resources must be managed and deployed differently in the digital economy. Scholars and practitioners within the realm of human resource development should note the issues identified in this study. The researchers believe human resource development professionals can play a significant role in assisting traditional businesses in establishing ventures in the digital economy.

First, traditional businesses need assessment tools such as surveys and interview questions that can assist in the selection of appropriate employees for electronic business venture creation teams. Second, individuals, ranging from members of the Board of Directors to members of the electronic business venture creation team, could benefit from training that focuses on the new rules of the digital economy and strategies for success related to the digital economy phenomena.

Third, human resource development professionals should investigate the development of new reward systems and career paths congruent with the new e-culture of the digital economy. Traditional organizations are operating

under reward systems that may have served them well for many years but are a liability in the digital economy. It is crucial that traditional organizations retain their human resources, and reward systems are directly related to that effort.

Suggestions for Further Research

The purpose of this exploratory qualitative study was to examine and describe organizational phenomena that may have significant implications for human resource development scholars and practitioners. During the course of the study, several hypotheses surfaced related to the effectiveness of electronic business venture creation teams. Two primary areas of new hypotheses emerged, one related to team performance and the other related to individual outcomes. The following hypotheses are suggested for additional study:

Team Performance Hypotheses. (1) Electronic business creation teams from traditional organizations exhibit higher performance when they have a solid understanding of the rules of the digital economy. (2) Electronic business creation teams from traditional organizations exhibit higher performance when they have are staffed with appropriate team members with a unique set of competencies. (3) Electronic business creation teams from traditional organizations exhibit higher performance when they have an empowered team leader who is able to leverage organizational competencies and assets.

Individual Outcomes Hypotheses. (1) Members of electronic business creation teams from traditional organizations exhibit higher work satisfaction because of the exciting work environment. (2) Members of electronic business creation teams from traditional organizations exhibit higher levels of stress than other employees from the same organization. (3) Members of electronic business creation teams from traditional organizations exhibit higher work performance than other employees from the same organization. (4) Members of electronic business creation teams from traditional organizations are more likely to leave the organization to participate in a start-up venture within the digital economy than other employees from the same organization. (5) Members of electronic business creation teams from traditional organizations are more likely than other organization members to stay with the organization if their compensation is based on the success of their venture.

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Transforming Human Resources into a Strategic Player on Campus- From Theory to Practice: A Case Study

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This article presents an overview of how human resource units in higher education may be transformed into strategic partners, utilizing organizational change approaches. Utilizing a case study approach, managerial impact on leadership, communication, process re-engineering, and performance metrics are examined. A framework for transformation is presented and it is suggested that the change process can be reduced to a "how to" approach that can be replicated in other environments.

Keywords: Organizational Change, Strategic Management, Organization Development

Experience and practice suggest that utilizing organizational development and change approaches can transform human resource organizations from transactional actors to strategic players in organizational management. The purpose of this article is to present a case study overview of strategic organizational change that includes practical applications. Integrated in the presentation is a transformational process that can be reduced to "boiler –plate" steps that support theoretical frameworks regarding organizational development and strategic management and can be replicated in any higher education organization.

Introduction

A major southern university opened its doors in 1972 on the site of an abandoned airport. On opening day, the university enrolled 5,667 students the largest first day class in American collegiate history. This southern university, the only public research university in the region, is one of the most dynamic institutions in the country and has achieved many benchmarks of excellence that have taken other institutions over a century to attain. The pace of change in this environment is dynamic and almost electric. The employee population doubled between 1990 and 1995 and doubled again between 1995 and 2000. In 2000 the university attained Carnegie Research Extensive status and began a law school. Currently the university employs over 6,500 employees. With 15 different academic programs, each having significantly different missions, human resource administration has unique, complex and rewarding challenges.

In the beginning of 1995, I was hired as a journeyman human resource professional by a poorly regarded, but well intentioned, chief human resource officer, as her operations director, in a last ditch attempt to improve overall unit performance. Regrettably, her efforts were "too little, too late" and she was "retired" within six months of my arrival. Although I assumed the position of Interim Director, I was given no assurance of promotion. In fact, to the contrary my Senior Vice President, a hard charging, innovative, "water walker" (but not well versed in human resource matters) made it clear I would need to apply for the position and demonstrate my worth. No other instruction, vision, direction or even expectation was
communicated. The assumption was I would hold down the fort until help arrived.

While a national search was begun, I took stock of my circumstance and began a campaign for the position. The Office of Human Resources (OHR) was heavily transactional, steeped in what can best be described as top-down control, with little delegation and a great deal of micro-management amidst strict application of policies, procedures, rules and federal regulation. Organizationally the unit was viewed as lacking value, "pigeonholed" as administrative paper pushers. Lack of trust or confidence in the unit's skill set required most major and many minor projects to be done through cross campus committees. The staff was almost completely home grown and as a consequence their breadth of experience was highly limited. There were many lingering and persistent employee relations problems that created a managerial belief that state workers could not be released, even for misconduct. The Office of Human Resources had experienced several highly visible failures. While there were some successes, they were only celebrated among internal staff.This article provides a case study demonstrating in "how to" terms the process human resource organizations, even those in dire straits, can transform themselves into organizational strategic partners.

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Approach

The great difference between high performing organizations and those that tend to stick to the set "norm" is not often easy to discern. What is, however, obvious is that good organizations are those that do not start with a wish list, but tend to drive with real purpose, good planning and a serious effort to engage the whole organization (Zairi 1998). From a practitioner's perspective, organizational engagement occurs on multiple fronts almost simultaneously. It is necessary to engage key direct reports, other staff members and other constituents. Generally, it is recommended that would-be change agents engage their own management first, but in my instance, having if nothing else, tacit support from my management rendered this necessity moot. I first met with my chief deputy to assess her skills and attitude. Frankly, I was prepared to consider her release to demonstrate my willingness to change the organization. Many organizations "clean house" and release members of the management team in an effort to introduce new initiatives. This approach is not always useful. While it is a quick fix, it can be demoralizing to the "surviving" staff, and presumes that economic resources can be poured into the change process (in our instance, as a public sector organization, we ra rely pay market wages therefore replacing existing staff is not a dollar for dollar proposition). I favor creating partnerships with existing staff by finding common ground and the development of a shared vision. Shared vision can create a groundswell of support for change and camaraderie amongst staff (Stuart, 1995). The shared philosophy developed between us was key to the creation of a mission and vision that was subsequently shared and embraced by all staff. After meeting with my chief deputy, I met with each member of the staff individually. Each meeting lasted approximately one hour. The duration of the meetings was important. Staff will test your commitment and resolve. Short meetings will be perceived as superficial and disingenuous. Take notes, be candid and keep whatever promises you make. While the dialogue was open-ended, the agenda was written and included a review of our mission from the perspective of leadership, the employees' role, and a broad overview of departmental direction. Because of power dynamics, I did not meet in my office. We met in the employee's workspace when it was a private office or we met off campus. I listened and responded to their concerns regarding working conditions, recognition, and terms and conditions of employment. It is important that staff know management's views, is allowed to express their views, and can make informed decisions about their future with the new organization. We discussed our expectations of one another. Above all else, staff was made aware that everything that each one of them does, every day, makes a difference. For example, a phone left ringing could become an irate customer complaint that will reflect upon the rest of the organization, and/or color the service perception as experienced by the customer. We also introduced ground rules for working with one another. We call our ground rules by an acronymic metaphor known as the ROPES (Respect, Openness, Participation, Education and Sensitivity). It is expected that in our dealings with one another we always adhere to the ROPES. The ROPES are our common-bond. As an anecdotal outcome of our meetings our receptionist was dubbed the Director, First Impression, a title that most clearly defines her role and its impact on our organization. These meetings were part of an overall communications strategy. A communications strategy should coincide with the general stages of a planned change and the relevant associated information requirements (Klein, 1996). Staff attended to and retained information that was directly associated with their jobs. Also, like all organizations, informal leaders of the department felt empowered by being sincerely asked for their opinion. Eventually, it became obvious our staff group was composed of skilled professionals who for the most part were selfless and with few exceptions, without alternative agendas. Their only problem was a lack of leadership and shared vision.

I also met with key constituents, the president, the vice presidents, college deans, and department directors, and chairs. I surveyed my constituents about their experiences and expectations of the Office of Human Resources ; shared with them our philosophy, and vision; and promised and subsequently delivered regular updates. Get in front of your customer and ask the question "How am I doing?" In my experience, rarely are they unwilling to tell you the bad news face to face. Discussions with staff and key constituents demonstrate leadership. Leadership necessary to building sustainable HR capability means the practice of directing, goal setting, planning, reviewing, and devoting a high proportion of time to communicating, motivating, engaging, delegating and empowering people to perform. Good leadership is often associated with recognizing and rewarding good performance. h a modern business context, it is also important to "synergize" people through creating a clear emphasis on teamwork and the establishment of values (Zairi, 1998).

The Strategic Organizational Change Process

Organizational development (OD) is a distinct area within the field of organizational science that focuses on the planned and controlled change of organizations in desired directions (Gilley, 1994). Change is likely incremental

rather than monumental, and should be carefully considered. Our first transformation action step was to conduct a business process re-engineering (BPR) of existing procedures through process mapping. There were 89 different administrative work processes in our department. After processes were mapped, they were benchmarked against other organizations, and re-engineered for improved efficiency. While we did this ourselves, it can be useful to employ a consultant for this function, which will facilitate benchmarking. Consultants are adept at providing critical feedback about how to do work more efficiently. One positive outcome of process mapping was staff was able to visualize and accept the feedback from our constituents that we were steeped in "administrivia". BPR typically produces a flatter organization; such delayering has been common. A flatter organization means that people are given more responsibility, increased decision making capability, autonomy, and flexibility at the point where it is needed permitting managers to be closer to customers with a "first hand" perception of the business reality (Zucchi & Edwards, 1999).

The second step is to formally develop and publish mission, vision and goals for human resources. A shared vision should be created through group involvement. Strategic planning is a relatively new phenomenon on campus. As the organization did not label human resource management a strategic imperative, we were able to set many of our own priorities, however, we were always vigilant about setting priorities that were compatible with the university's organizational mission. Our vision and goals focused on continuous process improvement. If all staff can't at a moment's notice, articulate your mission and goals further refinement is necessary. Do note that changes made should have the concurrence of senior management. Mission, vision and goals should match organizational strategic objectives.

The third, and perhaps most critical action step is to improve the transactional administration of human resources. Where possible decentralize processes, put more control in the hands of line managers, devolve away from personnel administration and openly embrace organizational change. Strategic human resource management requires a holistic approach, with not only an internal integration between personnel systems (recruitment, selection, reward mechanisms, appraisal performance management and staff development) but also an integration between the varying sub-systems of human resources into one overarching human resource strategy, that is consistent with the organization's strategy overall (Baker, 1999).

Moving From the Reactive to the Proactive - Developing a Human Resource Strategic Plan

In this case study it is not possible to provide detailed instruction on how to develop a strategic plan. However, there a number of well established resources that can assist you in strategic planning. The Strategic Plan for the OHR articulates the five-year goals and initiatives of the Office to benefit (i) the sub-units of the Office (i.e., Compensation, Benefits, Employment, Training and Development etc.), by focusing their efforts, and (ii) our constituents as a whole, by ensuring coordination and integration with their missions and strategic activities. The strategic plan is based on the plans developed in each of the sub units of the OHR. A grass roots effort, each subunit has developed a five-year vision, positioning each unit as a service provider so as to appropriately support campus academic and other administrative units in the attainment of their goals and objectives.

The following overarching strategic objectives, conceived in the context of and in support of the University mission, have been established as fundamental to the overall planning process.

1. Continued Development of the Process of Consultation and Communication with Constituents.

Programmatic goals are to reflect the principle of ongoing communication and consultation with campus constituents. The Office of Human Resources will continue to implement consultative models with its customers to ensure involvement in the planning, implementation, and evaluation of initiatives undertaken. On a regular basis OHR will meet, discuss and develop service enhancements, identify new areas of campus need, and review the effectiveness of current services provided.

2. Continued Focus on Service Orientation.

Given the primary role of support units is to provide high-quality, cost-effective services in support of the academic mission, a heightened service orientation remains a critical element of the administrative organizational future.

3. Continued Improvement in Business Practices.

The Office of Human Resources will continue to engage in examination and improvement of business practices to ensure that core services are delivered in a cost-effective, customer focused manner.

4. Continued Decentralization of Services While Maintaining Appropriate Internal Controls.

Decentralization is critical to efficiency and line operational autonomy. To ensure consistency in policy, equity, and appropriate regulatory compliance the OHR will continue to champion the development of enhanced internal control procedures. These procedures set forth the accountabilities of responsible officers in each unit served. The internal controls structure will also identify areas of potential risk and will allow for proactive corrective action as well as training activities.

5. Focus on Staff Quality, Staff Development and Staff Morale.

OHR is committed to developing and retaining staff and managers capable of providing high quality administrative support services to the campus. Toward this end, staff and managers must be competent, appropriately rewarded and valued by the organization. OHR will invest in personnel skills development to enable its staff and managers to maximize their contributions to the University. Developing Metrics

Growth cannot be gauged without measuring organizational performance (Santos, 2000). The following metrics are recommended as a baseline for measuring the effectiveness of campus human resource services:

New Hire Quality. refers to the average manager rating of new employees, 90 and 180 days subsequent to employment. This is a simple measure of performance rating. The more employees who fail during the 90 to 180 day period of initial employment, the lower the quality of your hiring decisions. This process need not be a formal review. A simple survey where the manager rates general satisfaction of employee performance will suffice. It is not advisable that New Hire Quality be benchmarked as a gauge of success versus other organizations. However, the measurement may be used to track trends within the organization, especially where hiring is decentralized. Line managers who have a poor selection track record can be given additional coaching by an observant and responsive human resource staff.

Actual/Contracted Time-to-Fill. requires calculating the average actual time to start divided by the average contracted time to start. "Actual" is the number of days between when recruiting is initiated, and when the new employee starts. The "contracted" time is the number of days between the date recruiting is initiated, and the date the recruiter and hiring manager mutually agrees that the position will be filled by. The closer these two dates coincide the higher the satisfaction level of the primary customer, the hiring manager.

Staffing Cost Ratio. requires figuring out the total staffing costs, then dividing by the total compensation recruited. Total staffing costs are determined by adding up four cost areas:

S1: fixed-overhead recruiting expenses
S2: sourcing-advertising, recruiting fees, Internet posting expenses
S3: signing bonuses
S4: travel, relocation, visa expenses.

The sum of these four areas equals total staffing costs. Total compensation recruited is the sum of the annual base starting compensation of all external positions filled by staffing. Once you've come up with these two figures, the Staffing Cost Ratio can be calculated by using the following equation:

Staffing Cost Ratio = Total Staffing Costs/Total Compensation Recruited

This metric is not so much a measure of quality as it is a mapping of staffing activities. Knowing expenditures greatly enhances organizational planning, as it allows for the identification of costs and benefits and will provide a clearer understanding of fixed and variable costs.

Turnover: Interpreting turnover rates can vary by region. But, the formula for capturing the data is a simple one employed by the Department of Labor; Number of employee separations during the month/ Total number of employees at midmonth.Thus, an organization with 10 separations (employees who leave the organization during March 1–30), and 100 employees on March 15 (midmonth), has a monthly turnover rate of 10% (10/100 = 10%).

*Avoidable Separations Turnover Rate:*Total separations in the selected period - unavoidable separations/ Total number of employees at midmonth. In the previous example, if 3 of the 10 separations were unavoidable, the 7 remaining separations divided by 100 employees yields a 7% avoidable turnover rate.
It must be noted that the only way to capture avoidable separations is to consistently conduct exit interviews of separating employees. Exit interviews provide insight into what is going on in your organization and what you can do strategically to improve workplace quality.

Measuring Return on Investment for Training: Most organizations measure the reaction of training participants (how they feel about training). Many also measure the learning that has occurred. Increasingly HR professionals are asked to measure changes in on the job behavior, as well as identify business results of training. Seldom however, is HR asked to calculate return on investment (ROI). Strategic value can be added to an organization by capturing as many costs as possible incurred in training and making an attempt at creating "hard" data regarding the organizational benefits of training on the organization. Some examples might include a correlation between training dollars invested in accident prevention and Workers' Compensation claims; wellness training and health insurance claims experience; or the benefits of each hour of supervisory training correlated to improved employee attendance.

Continuous Improvement Initiatives

We have embraced the Japanese model of continuous improvement, called Kaizen. Every member of staff has to make their own contribution toward improvement regardless of their position. Development proceeds continuously in small steps. The purpose of the Kaizen process is not only to encourage and oblige the staff to think about improvements within their assignments continuously but also to realize these ideals. This means every staff member has to think everyday about what's going well and what should they do to improve. Everyone has become ready to call their work into question, integrate innovations and try new concepts. We have embraced our university president's credo "everything that everyone does, every day, makes a difference."

Human Resource Staff Development Systems

OHR introduced a mandatory staff development process for all staff. Once a year, staff members meet with their immediate supervisor to develop a customized career development program. The meeting and subsequent career development action plan is part of the overall performance evaluation process. Career development plans vary widely, however among the standardized components of our staff development approach is a requirement that each staff member must allocate a minimum of 40 hours to completion of their action plan. Action steps must be focused on improvement as a human resource professional. Typically, employees have planned and received coaching toward completion of an advanced degree, professional certification, attended conferences, conducted research or participated in professional associations. The action plans need not require large resource commitments from your organization. Directed career development coaching has been highly effective as managers have been actively involved in helping employees meet their personal and professional goals. In good budget years staff typically looks to attend more professional conferences and seminars. In tough budget years, staff has published more, or volunteered more. Nearly everyone on staff is seeking a advanced degree of some sort as tuition remission is one of the perquisites of employment in higher education.

Conclusions

Strategic human resource management in higher education is a matter of sound professional practice (Gregory, 1996). Even where your organization is mired in traditional personnel administration or where your organization has not yet embraced strategic management on an operational level, your human resource organization can be the agent of change (Ropo, 1993) by following a number of "tried and true" human resource development and organizational development steps, including:

1. Organizational engagement. Meet with key stakeholders and elicit their feedback, develop alliances and partnerships where appropriate.

2. Develop and publish mission, vision and goals for Human Resources that are consistent and in support of the broader organizational mission.

3. Improve upon the transactional administration of human resource management through process mapping and subsequent re-engineering.

4. Develop and publish a human resource strategic plan, that is consistent and in support of the broader organizational strategic plan (if available).

5. Develop metrics for measuring the efficiency of Human Resources.

6. Implement a process for continuous improvement.

7. Continually develop staff.

These "boiler-plate" steps can be replicated in any higher education human resource organization and will spearhead your transformation efforts toward becoming a strategic partner on campus.

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